

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: ETRD, RP

SUBJ: PHILIPPINE EXPORT TAXES COPRA/COCONUT OIL

REF: (A) MANILA 2554; (B) MANILA 1876; (C) MANILA 3486;
(D) STATE 46298

1. PLEASED TO NOTE VIRATA'S INDICATION THAT EFFECT OF EXPORT TAX WILL BE AMELIORATED, BUT WILL NEED TO KNOW ASAP EXTENT TO WHICH THIS WILL ACTUALLY OCCUR, AND WHETHER EXISTING CONTRACTS WILL IN FACT HAVE TO BE RENEGOTIATED. PLEASE ADVISE ALSO RE ACTUAL COPRA EXPORTS SINCE FEBRUARY 16.

2. AS INDICATED PARA 5, REF D, USG CONCERNED ABOUT ADVERSE CONSEQUENCES OF INCREASED DIFFERENTIAL EXPORT TAX ON COPRA VERSUS COCONUT OIL AND WOULD APPRECIATE CLARIFICATION OF LAST SENTENCE PARA L, REF C. DID VIRATA
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INDICATE THAT DIFFERENTIAL IN TOTAL AMOUNT OF DUTY BETWEEN

COPRA AND COCONUT OIL WOULD BE NO HIGHER THAN THAT IN EFFECT BEFORE FEBRUARY 16? OR WILL SAME RATIO BETWEEN

OIL AND COPRA TAXES BE RETAINED AT HIGHER TAX RATES, LEADING TO SUBSTANTIALLY HIGHER DIFFERENTIAL IN ABSOLUTE TERMS?

3. REPORTS ON PHILIPPINE COPRA STOCKS AND EUROPEAN COPRA PRICES RAISE QUESTION WHETHER DECREASED COCONUT PRODUCTION WAS IN FACT REASON FOR PHILIPPINE MEASURES TO RESTRICT COPRA EXPORTS. ASIAN COCONUT COMMUNITY (ACC) REPORT OF FEBRUARY 14 INDICATES THAT PHILIPPINE UNITED COCONUT ASSN. REPORTED 150,000 TONS OF COPRA IN HANDS LOCAL PROCESSORS/EXPORTERS BEGINNING OF 1974 AND THAT THIS LEVEL OF STOCKS CONSIDERABLY ABOVE NORMAL. OF EVEN GREATER INTEREST, REPORT STATES THAT "A SHARP DROP IN THE MARKET PRICE OF PHILIPPINE COCONUT PRODUCTS WAS OBSERVED DURING THE PERIOD UNDER REVIEW (JAN. 24 - FEB. 14). THIS IS DUE TO THE LARGE STOCKS OF COPRA AND COCONUT OIL IN THE PHILIPPINES."

4. WEEKLY PRICE QUOTATIONS FOR PHILIPPINE-INDONESIA COPRA, BULK, CIF, EUROPEAN PORTS ILLUSTRATE PRICE DROP NOTED BY ACC REPORT: (IN US DOLLARS PER METRIC TON)

JAN. 17 - DOLS. 730
JAN. 24 - DOLS. 810
JAN. 31 - DOLS. 780
FEB. 7 - DOLS. 730
FEB. 14 - DOLS. 700
FEB. 21 - DOLS. 875
FEB. 28 - DOLS. 920

5. IF THE ABOVE INFORMATION IS ACCURATE, EXPORT RESTRICTIVE ACTIONS BY GOP BEGINNING FEBRUARY 16, BEARING MOST HEAVILY ON COPRA, WOULD NOT SEEM JUSTIFIED ON BASIS INSUFFICIENT STOCKS, AND MAY HAVE BEEN DESIGNED TO MAINTAIN PRICES AT ARTIFICIALLY HIGH LEVELS. IN VIEW OF LIMITED INFORMATION AT OUR DISPOSAL ON THIS SUBJECT, AND OF POTENTIAL IMPLICATIONS OF PHILIPPINE ACTIONS LIMITED OFFICIAL USE

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FOR FUTURE TRADE DISCUSSIONS AND NEGOTIATIONS ON MATTERS OF MUTUAL INTEREST, REQUEST MORE DETAILED EMBASSY REPORT WITH ANALYSIS AND COMMENTS CONCERNING COPRA AND COCONUT OIL SUPPLY AND PRICES DURING RECENT MONTHS RELATING THOSE DATA TO GOP AND COCONUT INDUSTRY'S ACTIONS DURING SAME PERIOD. RUSH

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Message Attributes

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Disposition Authority: morefirh
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